

The Department also intends to instruct the U.S. Customs Service to collect a cash deposit of estimated countervailing duties of zero percent of the f.o.b. invoice price on all shipments of this merchandise from Agrest, Comercio, IVA and Leger, and to collect a cash deposit of 15.87 percent of the f.o.b. invoice price on all shipments of this merchandise from Pulloverfin and 0.76 percent of the f.o.b. invoice price on shipments of this merchandise from other companies from Argentina entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review.

Parties to the proceeding may request disclosure of the calculation methodology and interested parties may request a hearing not later than 10 days after the date of publication of this notice. See 19 CFR 355.38(b). Interested parties may submit written arguments in case briefs on these preliminary results within 30 days of the date of publication. Rebuttal briefs, limited to arguments raised in case briefs, may be submitted seven days after the time limit for filing the case brief. Parties who submit written arguments in this proceeding are requested to submit with the argument (1) a statement of the issue and (2) a brief summary of the argument. Any hearing, if requested, will be held seven days after the scheduled date for submission of rebuttal briefs. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 CFR 355.38(e).

Representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative's client or employer becomes a party to the proceeding, but in no event later than the date the case briefs, under section 355.38(c), are due. The Department will publish the final results of this administrative review including the results of its analysis of issues raised in any case or rebuttal brief or at a hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 355.22.

Dated: August 8, 1995.

Susan G. Esserman,

Assistant Secretary for Import Administration.

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[C-549-802]

Ball Bearings and Parts Thereof From Thailand; Preliminary Results of a Countervailing Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of preliminary results of countervailing duty administrative review.

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty order on ball bearings and parts thereof from Thailand. We preliminarily determine the total bounty or grant to be 1.33 percent *ad valorem* for all companies for the period January 1, 1993, through December 31, 1993. If the final results remain the same as these preliminary results of administrative review, we will instruct the U.S. Customs Service to assess countervailing duties as indicated above. We invite interested parties to comment on these preliminary results.

EFFECTIVE DATE: August 16, 1995.

FOR FURTHER INFORMATION CONTACT: Dana Mermelstein or Kelly Parkhill, Office of Countervailing Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230, telephone: (202) 482-2786.

SUPPLEMENTARY INFORMATION:

Background

On May 3, 1989, the Department published in the **Federal Register** (54 FR 19130) the countervailing duty order on ball bearings and parts thereof from Thailand. On May 4, 1994, the Department published in the **Federal Register** a notice of "Opportunity to Request Administrative Review" (59 FR 23051) of this countervailing duty order. On May 31, 1994, Torrington Company, the petitioner, requested an administrative review of the order. On May 31, 1994, Pelmech Thai Ltd. (Pelmech), NMB Thai Ltd. (NMB Thai), and NMB Hi-Tech Bearings Ltd. (NMB Hi-Tech), the respondent companies in prior reviews, also requested an administrative review.

On June 15, 1994 (59 FR 30770), we initiated the review, covering the period January 1, 1993, through December 31, 1993. The review covers nine programs and three related producers/exporters, NMB Thai, Pelmech, and NMB Hi-Tech, which are wholly owned by Minebea Co., Ltd., of Japan.

Applicable Statute and Regulations

The Department is conducting this administrative review in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act). Unless otherwise indicated, all citations to the statute and to the Department's regulations are in reference to the provisions as they existed on December 31, 1994.

Scope of Review

Imports covered by this review are ball bearings and parts thereof. Such merchandise is described in detail in Appendix A to this notice. The *Harmonized Tariff Schedule* (HTS) item numbers listed in Appendix A are provided for convenience and Customs purposes. The written description remains dispositive.

Calculation Methodology

In the first administrative review, respondents claimed that the F.O.B. value of the subject merchandise entering the United States is greater than the F.O.B. price charged by the companies in Thailand (57 FR 26646; June 15, 1992). They explained that this discrepancy is due to a mark-up charged by the parent company, located in a third country, through which the merchandise is invoiced. However, the subject merchandise is shipped directly from Thailand to the United States and is not transshipped, combined with other merchandise, or repackaged with other merchandise. In other words, for each shipment of subject merchandise, there are two invoices and two corresponding F.O.B. export prices: 1) the F.O.B. export price at which the subject merchandise leaves Thailand, and on which subsidies from the Royal Thai Government (RTG) are earned by the companies, and upon which the subsidy rate is calculated; and 2) the F.O.B. export price which includes the parent company mark-up, and which is listed on the invoice accompanying the subject merchandise as it enters the United States, and upon which the cash deposits are collected and the countervailing duty is assessed. In prior reviews, we verified on a transaction-specific basis the direct correlation between the invoice which reflects the F.O.B. price on which the subsidies are earned and the invoice which reflects the marked-up price that accompanies each shipment as it enters the United States.

Respondents argued that the calculated *ad valorem* rate should be adjusted by the ratio of the export value from Thailand to the export value charged by the parent company to the

U.S. customer so that the amount of countervailing duties collected would reflect the amount of subsidies bestowed. The Department agreed and made this adjustment in prior administrative reviews (57 FR 26646, June 15, 1992; and 58 FR 36392, July 7, 1993). Since the mark-up is not part of the export value upon which the respondents earn bounties or grants, the Department has followed the methodology adopted in prior administrative reviews, and calculated the *ad valorem* rate as a percentage of the original export value from Thailand and then multiplied this rate by the adjustment ratio—the original export value from Thailand divided by the marked-up value of the goods entering the United States.

We did not calculate a separate rate for each company because NMB Thai, Pelmec, and NMB Hi-Tech are wholly owned by one parent company, and are therefore related. See *Final Affirmative Countervailing Duty Determination: Grain-Oriented Electrical Steel (GOES) from Italy* (59 FR 18357, 18366, April 18, 1994). As a result of this relationship, we considered the three companies as one corporate entity in our calculations. We calculated the bounty or grant by first totalling the benefits received by the three companies for each program used. Dividing these sums by the total Thai export value for the three companies, we calculated the unadjusted bounty or grant for each program used. As described above, we adjusted these rates by multiplying them by the ratio of the original export price from Thailand to the marked-up price of the goods entering the United States. Finally, we summed the adjusted bounty or grant for each program, to arrive at the total country-wide bounty or grant.

Analysis of Programs

1. Investment Promotion Act of 1977 - Sections 31, 28 and 36(1)

The Investment Promotion Act of 1977 (IPA) is administered by the Board of Investment (BOI) and is designed to provide incentives to invest in Thailand. In order to receive IPA benefits, each company must apply to the BOI for a Certificate of Promotion (license), which specifies goods to be produced, production and export requirements, and benefits approved. These licenses are granted at the discretion of the BOI and are periodically amended or reissued to change benefits or requirements. Each IPA benefit for which a company is eligible must be stated specifically in the license.

The BOI licenses for Pelmec, NMB Thai and NMB Hi-Tech all originally included export requirements. In the *Final Affirmative Countervailing Duty Determination and Countervailing Duty Order: Ball Bearings and Parts Thereof from Thailand* (54 FR 19130; May 3, 1989), we determined that because the receipt of benefits under the IPA licenses was contingent upon export performance, these benefits were countervailable. However, effective January 1, 1990, producers of electronic parts (BOI Category 4.6) became eligible to apply to have export requirements eliminated from their BOI licenses. Most of the subject merchandise is classified by BOI under Category 4.6, and consequently, NMB Thai, NMB Hi-Tech, and Pelmec all applied for eliminations of their export requirements. NMB Thai's export requirements were lifted effective October 16, 1992, for one license, and effective November 9, 1992, for its three remaining licenses. The export requirements for NMB Hi-Tech's two licenses were lifted effective February 26, 1990, and November 19, 1990. Export requirements were eliminated from two of Pelmec's three licenses, effective November 9, 1992. However, because the BOI considers some of the subject merchandise produced by Pelmec under one of its BOI licenses to be "ball bearings and parts for *general industry*," the export requirement has not been eliminated completely from its remaining license. Since export requirements remain in place for certain ball bearings subject to the countervailing duty order and the subject merchandise constitutes one class or kind of merchandise, we preliminarily determine that IPA benefits continued to be tied to export performance for manufacturers of subject merchandise during the review period.

Effective April 1, 1993, the BOI issued new policies and criteria for investment promotion in BOI Announcement Number 1/1993. Under BOI Announcement Number 1/1993, tax and duty privileges for promoted projects approved after April 1, 1993, are contingent upon location of the promoted company in one of three types of investment promotion zones. Through BOI Announcement Number 2/1993, which also became effective on April 1, 1993, the BOI revised its list of activities eligible for investment promotion. In this revised list, all types of ball bearings and parts thereof were reclassified under industrial category 4.8, "Manufacture of fabricated metal products, including metal parts for automotive and electronic products."

The BOI Announcement Number 2/1993 specifies that promoted projects approved after April 1, 1993, and classified under category 4.8 must be located in industrial promotion zones 2 or 3. Furthermore, export performance continues to be a requirement for certain IPA benefits in zones 2 or 3.

We preliminarily determine that IPA benefits are countervailable because during the review period IPA benefits continued to be tied to export performance for manufacturers of subject merchandise.

NMB Thai and NMB Hi-Tech received benefits under three sections of the IPA during the review period: IPA Sections 31, 28, and 36(1). Pelmec received benefits under IPA Sections 28 and 36(1).

Section 31: IPA Section 31 allows companies an exemption from payment of corporate income tax on profits derived from promoted exports. NMB Thai and NMB Hi-Tech claimed an income tax exemption under Section 31 on the income tax return filed during the review period.

Section 28: Prior to 1992, IPA Section 28 allowed companies to import fixed assets free of import duties, the business tax, and the local tax. However, effective January 1, 1992, the RTG eliminated both the business and the local tax and instituted a value added tax (VAT) system.

According to Section 21(4) of the VAT Act, if Section 28 benefits were granted by the BOI to a company before January 1, 1992, that company, when importing fixed assets under Section 28, would continue to be subject to the business tax provisions under Chapter IV, Title II, of the Revenue Code before being amended by the VAT Act. In accordance with Section 21(4), the company would be required to pay the business and local taxes only if its BOI license requirements were violated. Section 21(4) of the VAT Act applies to Pelmec, NMB Thai, and NMB Hi-Tech because all of their licenses were granted before January 1, 1992, and contain Section 28 benefits. The respondents argued in their questionnaire response that given the provisions of the VAT Act and, specifically, Section 21(4), their exemption from the business and local taxes no longer constitutes a benefit to the companies because 1) no other companies are required to pay the business and local taxes, and 2) under Section 21(4), payment of the business and local taxes serves only as a penalty for noncompliance with BOI license requirements. We verified that under the new VAT law, companies are no longer required to pay business and local taxes with the exception of the

noncompliance penalty noted above. For these reasons, we preliminarily determine that the business and local tax exemptions under Section 28 no longer constitute a countervailable benefit for companies subject to Section 21(4) of the VAT Act.

However, under provisions of Section 21(4) of the VAT Act, companies that were granted Section 28 benefits under the IPA before January 1, 1992, are not required to pay VAT on imports of fixed assets. In the 1992 and 1993 administrative reviews, the respondents argued that this exemption from VAT on imports of fixed assets did not constitute a benefit to the companies because all companies are effectively exempted from VAT on their imports of fixed assets. According to Section 82 of the VAT Act, the VAT liability is computed by subtracting the "input tax" (the VAT paid) from the "output tax" (the VAT collected). Consequently, companies that pay VAT on imports of fixed assets are effectively exempted from this VAT payment as they receive a credit for the VAT they paid on purchases of all inputs, including imports of fixed assets, when their monthly VAT liability is computed. In the 1992 administrative review, we examined this issue at verification. We confirmed that under the VAT system, companies receive credit for the VAT paid on the purchases of inputs and, as a result, no VAT is effectively paid by companies on these purchases. Since VAT liability is computed on a monthly basis, any possible time-value-of-money benefit under Section 21(4) of the VAT Act in this review would be insignificant. On this basis, we preliminarily determine that the exemption of the VAT on imports of fixed assets under Section 21(4) of the VAT Act does not constitute a countervailable benefit to the companies specified in Section 21(4). In future administrative reviews, however, the Department will continue to examine provisions of the VAT Act, including Section 21(4), to ascertain that no countervailable benefits are being provided to manufacturers of subject merchandise.

Since the business and local tax exemptions under Section 28 of the IPA and the VAT exemption under Section 21(4) of the VAT Act do not confer countervailable benefits to companies subject to Section 21(4) of the VAT Act, we preliminarily determine that only the exemptions of import duties on fixed assets under Section 28 of the IPA continue to provide countervailable benefits to the respondent companies which were all subject to Section 21(4)

of the VAT Act during the review period.

Section 36(1): IPA Section 36(1) allows companies to import essential materials (non-fixed assets that are not physically incorporated into the exported good) free of import duties. Pelmec, NMB Thai, and NMB Hi-Tech all claimed such exemptions during the review period.

To calculate the benefit from Sections 31, 28, and 36(1) of the IPA, we followed the same methodology that has been used in prior administrative reviews (see, e.g., 58 FR 16174, March 25, 1993; 57 FR 9413, March 18, 1992). For Section 31, we calculated the benefit by calculating the difference between what each company paid in corporate income tax during the review period and what it would have paid absent the exemption. We did this by multiplying the corporate income tax rate in effect during the review period by the amount of each company's income that was exempted from income tax. For Sections 28 and 36(1), we calculated the benefit by obtaining the amount of import duties that would have been paid on the imports absent the exemption. We then added all duty and tax savings under all the IPA programs and divided this aggregate benefit by the total export value of the subject merchandise (all companies in this review continued to receive IPA benefits contingent upon export performance under the pre-April 1, 1993, BOI regulations; therefore, we calculated the benefit using total exports rather than total sales). We then made the adjustment for the parent company mark-up discussed in the "Calculation Methodology" section above. On this basis, we preliminarily determine the bounty or grant from IPA Sections 31, 28 and 36(1) to be 1.33 percent *ad valorem* during the review period.

2. Electricity Discounts for Exporters

Electricity discounts for exporters were terminated effective January 1, 1990. However, because government authorities can defer action on company applications for up to five years, residual benefits are possible up to five years after termination of the program. Because this program was contingent upon exports, we preliminarily determine that it constitutes an export subsidy.

NMB Thai received such residual benefits during the review period. We calculated the benefit attributable to these residual benefits by dividing the amount of the electricity discount by the total F.O.B. export value of subject merchandise. We then made the adjustment for the parent company

mark-up discussed in the "Calculation Methodology" section above. On this basis, we preliminarily determine the bounty or grant from residual electricity discounts to be less than 0.005 percent *ad valorem* during the review period.

3. Tax Certificates for Exporters

The RTG issues tax certificates to exporters of record which are transferable and which rebate indirect taxes and import duties levied on inputs used to produce exports. This rebate program is provided for in the "Tax and Duty Compensation of Exported Goods Produced in the Kingdom Act" (Tax and Duty Act).

The Thai Ministry of Finance computes the value of the rebate rates under the Tax and Duty Act based on the *Basic Input-Output Table of Thailand* (I-O table). Using this table, the Ministry computes the value of total inputs (both imported and domestic) at ex-factory prices, and the import duties and indirect taxes on each input. As determined in the *Final Affirmative Countervailing Duty Determination and Countervailing Duty Order: Ball Bearings and Parts Thereof from Thailand* (54 FR 19130; May 3, 1989), these rebates are countervailable only to the extent that the remissions of duties and taxes exceed those actually levied on physically incorporated inputs.

Prior to 1992, there were two rates for tax certificates, the "A" rate, which rebated import duties and business taxes, and the "B" rate, which rebated only business taxes. Exporters of the subject merchandise were eligible for the "B" rate only. Because of their IPA benefits, they were ineligible to receive the "A" rate.

Effective January 1, 1992, as a result of the adoption of the VAT, the "B" rate was terminated and the "A" rate was revised to rebate only import duties. Accordingly, none of the companies under review were eligible to apply for or earn rebates under this program during the review period. Based on prior Department practice, we countervailed the benefits under the Tax Certificates program at the time the tax certificates were earned. See, e.g., *Final Affirmative Countervailing Duty Determination: Carbon Steel Butt-Weld Pipe Fittings from Thailand*, 55 FR 1695, 1699 (January 18, 1990). All tax certificates received during the 1993 review period were earned in prior review periods. As no tax certificates were earned during the review period, we preliminarily determine that producers of the subject merchandise received no bounty or grant from the tax

certificate program during the review period.

4. Other Programs

We also examined the following programs and preliminarily determine that the exporters of the subject merchandise did not apply for or receive benefits under these programs during the review period:

- Export Packing Credits
- Rediscount of Industrial Bills
- Export Processing Zones
- IPA Sections 33 and 36(4)
- Reduced Business Taxes for

Producers of Intermediate Goods for Export Industries

- International Trade Promotion Fund

Preliminary Results of Review

As a result of our review, we preliminarily determine the total bounty or grant to be 1.33 percent *ad valorem* for the period January 1, 1993, through December 31, 1993.

If the final results of this review remain the same as the preliminary results, the Department intends to instruct the Customs Service to assess countervailing duties of 1.33 percent of the F.O.B. invoice price on all shipments from Thailand of the subject merchandise exported on or after January 1, 1993, and on or before December 31, 1993. The Department also intends to instruct the Customs Service to collect a cash deposit of estimated countervailing duties of 1.33 percent of merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review.

Interested parties may request disclosure of the calculation methodology and may request a hearing within 10 days of the date of publication of this notice. Case briefs or other written comments from interested parties may be submitted not later than 30 days after the date of publication of this notice. Rebuttal briefs and rebuttal comments, limited to issues raised in the case briefs, may be filed not later than 37 days after the date of publication of this notice. Any hearing, if requested, will be held seven days after the scheduled date for submission of rebuttal briefs. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with section 355.38(e) of the Department's regulations.

Representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative's client or employer becomes a party to

the proceeding, but in no event later than the date the case briefs, under 19 CFR 355.38(c), are due. The Department will publish the final results of this administrative review including the results of its analysis of issues raised in any case or rebuttal brief, or at a hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1) and 19 CFR 355.22).

Dated: August 8, 1995.

Susan G. Esserman,
Assistant Secretary, for Import Administration.

Appendix A

Scope of the Review

The products covered by this review, ball bearings, mounted or unmounted, and parts thereof, are described below.

Ball Bearings, Mounted or Unmounted, and Parts Thereof

These products include all antifriction bearings which employ balls as the rolling element. During the review period, imports of these products were classifiable under the following categories: antifriction balls; ball bearings with integral shafts; ball bearings (including radial ball bearings) and parts thereof; ball bearing type pillow blocks and parts thereof; ball bearing type flange, take-up, cartridge, and hanger units, and parts thereof; and other bearings (except tapered roller bearings) and parts thereof. Wheel hub units which employ balls as the rolling element are subject to the review. Finished but unground or semiground balls are not included in the scope of this review. Imports of these products are currently classifiable under the following HTS item numbers: 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.10, 8482.99.70, 8483.20.40, 8483.20.80, 8483.30.40, 8483.30.80, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.99.50.

This review covers all of the subject bearings and parts thereof outlined above with certain limitations. With regard to finished parts (inner race, outer race, cage, rollers, balls, seals, shields, etc.), all such parts are included in the scope of this review. For unfinished parts (inner race, outer race, rollers, balls, etc.), such parts are included if (1) they have been heat treated, or (2) heat treatment is not required to be performed on the part. Thus, the only unfinished parts that are not covered by this review are those

where the part will be subject to heat treatment after importation.

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[C-301-003; C-301-601]

Roses and Other Cut Flowers From Colombia; Miniature Carnations From Colombia; Preliminary Results of Countervailing Duty Administrative Reviews of Suspended Investigations

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of Preliminary Results of Countervailing Duty Administrative Reviews of Suspended Investigations.

SUMMARY: The Department of Commerce (the Department) is conducting administrative reviews of the agreements suspending the countervailing duty investigation on roses and other cut flowers (roses) from Colombia and the countervailing duty investigation on miniature carnations (minis) from Colombia. These reviews cover the period of review (POR) January 1, 1993, through December 31, 1993, and eleven programs. We preliminarily determine that the Government of Colombia (GOC) and the signatories/exporters of roses and minis have complied with the terms of the suspension agreements. We invite interested parties to comment on these results.

EFFECTIVE DATE: August 16, 1995.

FOR FURTHER INFORMATION CONTACT: Jean Kemp or Stephen Jacques, Office of Agreements Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, telephone: (202) 482-3793.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute and to the Department's regulations are in reference to the provisions as they existed on December 31, 1994. However, references to the Department's *Countervailing Duties; Notice of Proposed Rulemaking and Request for Public Comments* (54 FR 23366 (May 31, 1989)) (*Proposed Regulations*), are provided solely for further explanation of the Department's countervailing duty practice. Although the Department has withdrawn the particular rulemaking proceeding pursuant to which the *Proposed Regulations* were issued, the